

000290 FEB 26 560

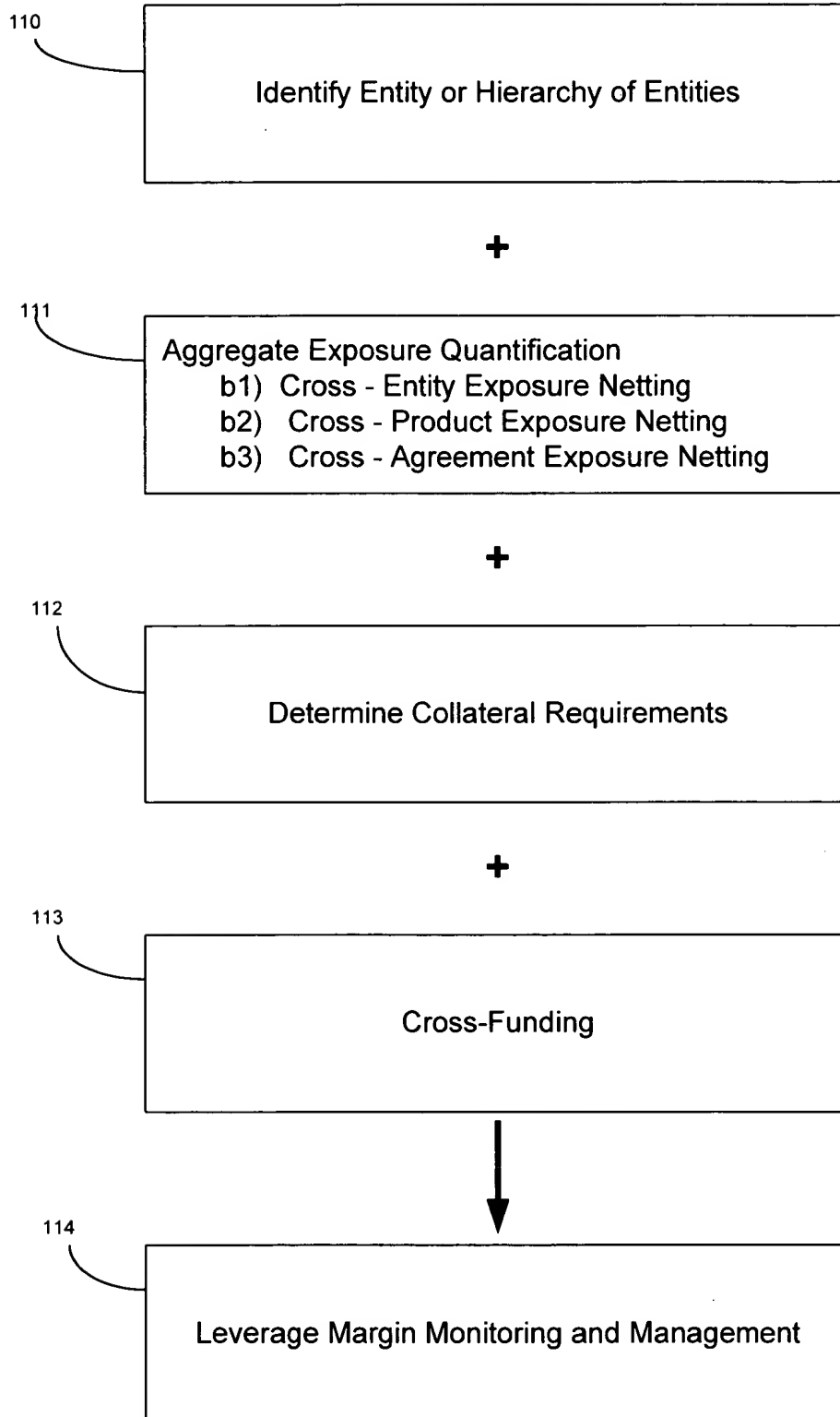


Fig. 1

000290" T8876560

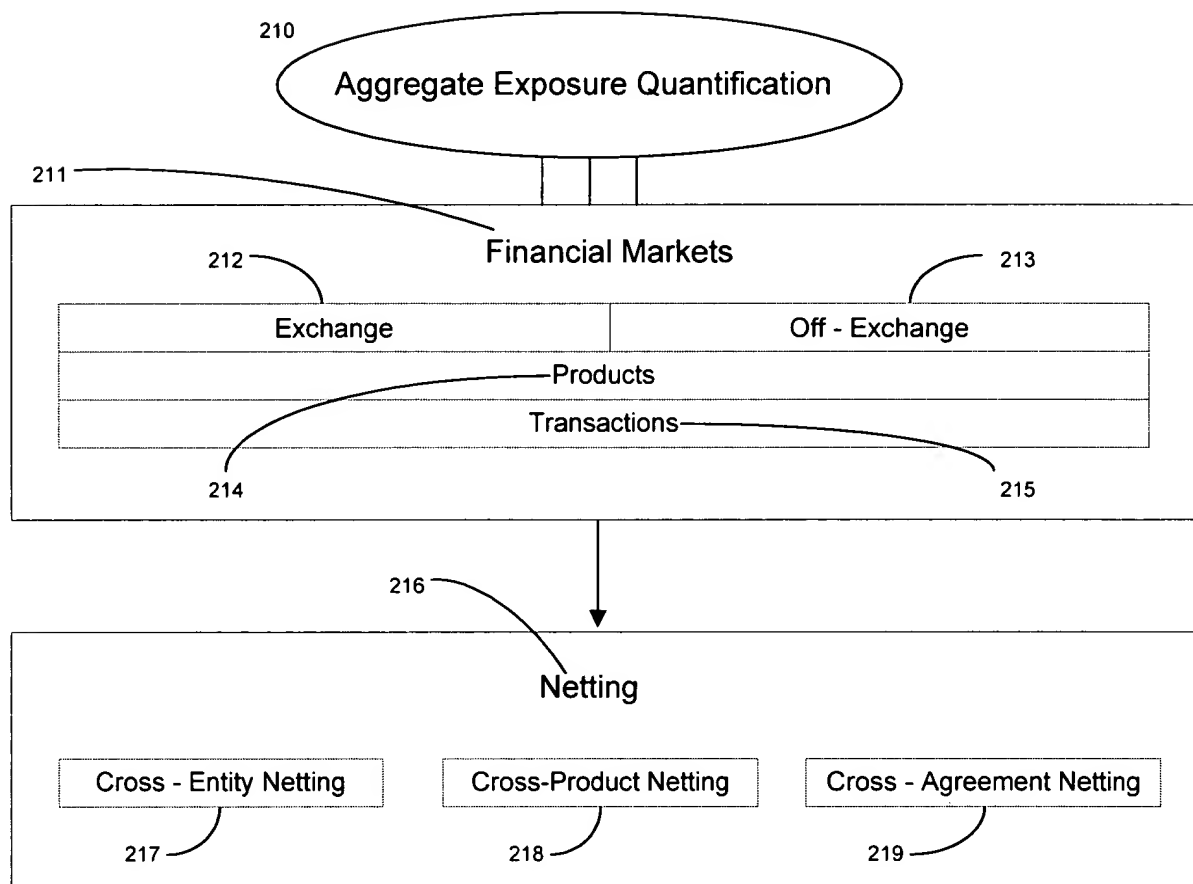


Fig. 2

```
graph LR
    311[Agent] --- 310{{Party Sells X}}
    311 --- 312((Exchange Based))
    311 --- 320[(Margin)]
    311 --- 315{{Party Buys X}}
    316[Foreign Exchange Desk] --- 315
    312 <--> 317((Off Exchange))
    310 --- 330[Offset Risk]
    315 --- 330
    320 --- 330
```

The diagram illustrates a Risk Management Framework for a Financial Institution. It shows the flow of risk from various market participants to a central 'Offset Risk' component.

311 Agent (Primary Risk Source):

- PHLX FX Options, Equity Options
- CME FX Futures, FX Future Options
- NYSE CBOE Investment Bank Equity Stocks
- LSE SIMEX Equity Options

312 Exchange Based (Secondary Risk Source):

316 Foreign Exchange Desk (Primary Risk Source):

- Broker/Dealer, Investment Bank
- ECN(s), Reuters Dealing, NASDAQ, 3rd Party
- FX Options, FX Forwards, Equity Stocks, FX Forwards, Equity Stocks
- Equity Options, Rate Swaps

317 Off Exchange (Secondary Risk Source):

310 Party Sells X (Specific Risk Event):

315 Party Buys X (Specific Risk Event):

320 Margin (Risk Factor):

330 Offset Risk (Final Risk Outcome):

Fig. 3

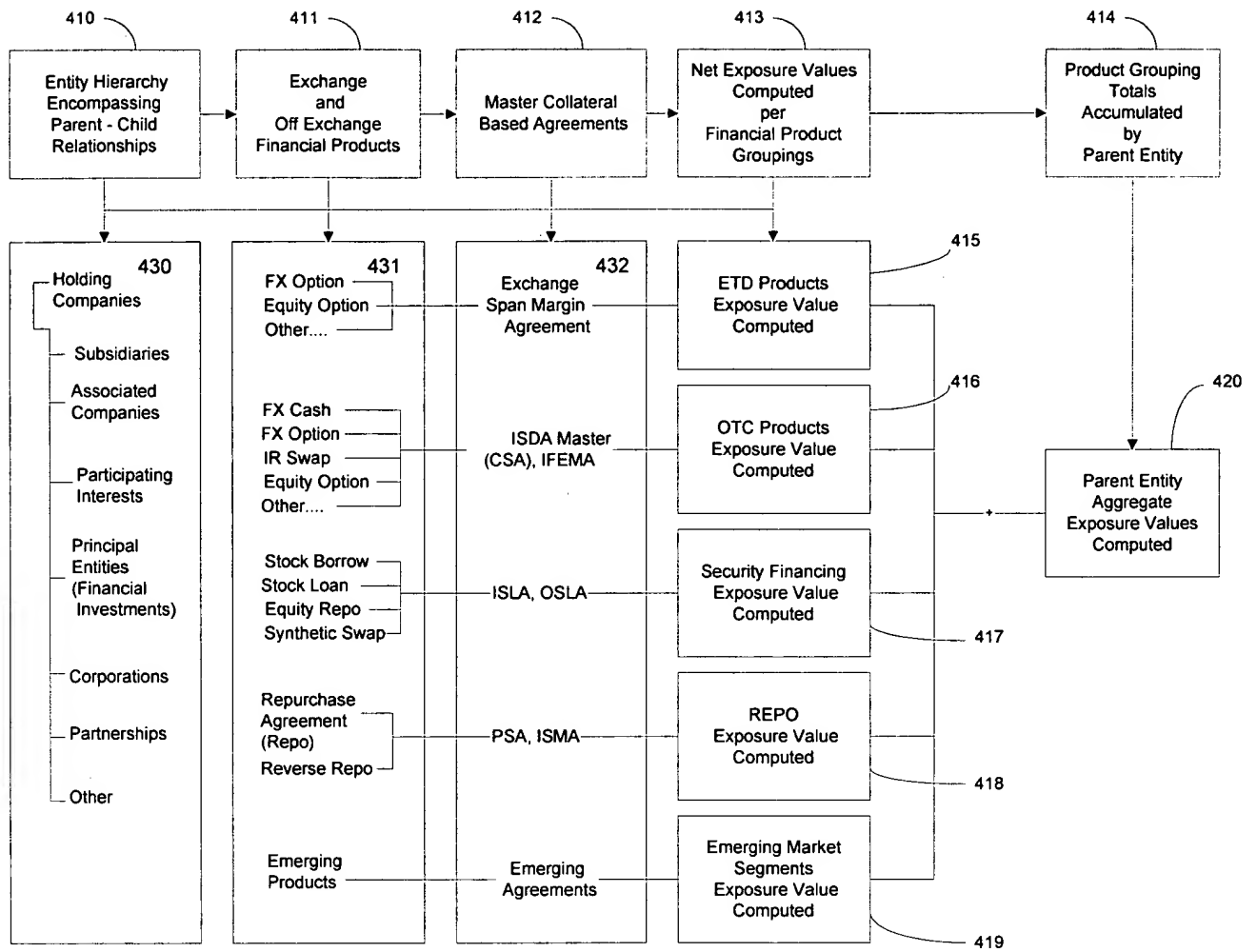


Fig. 4

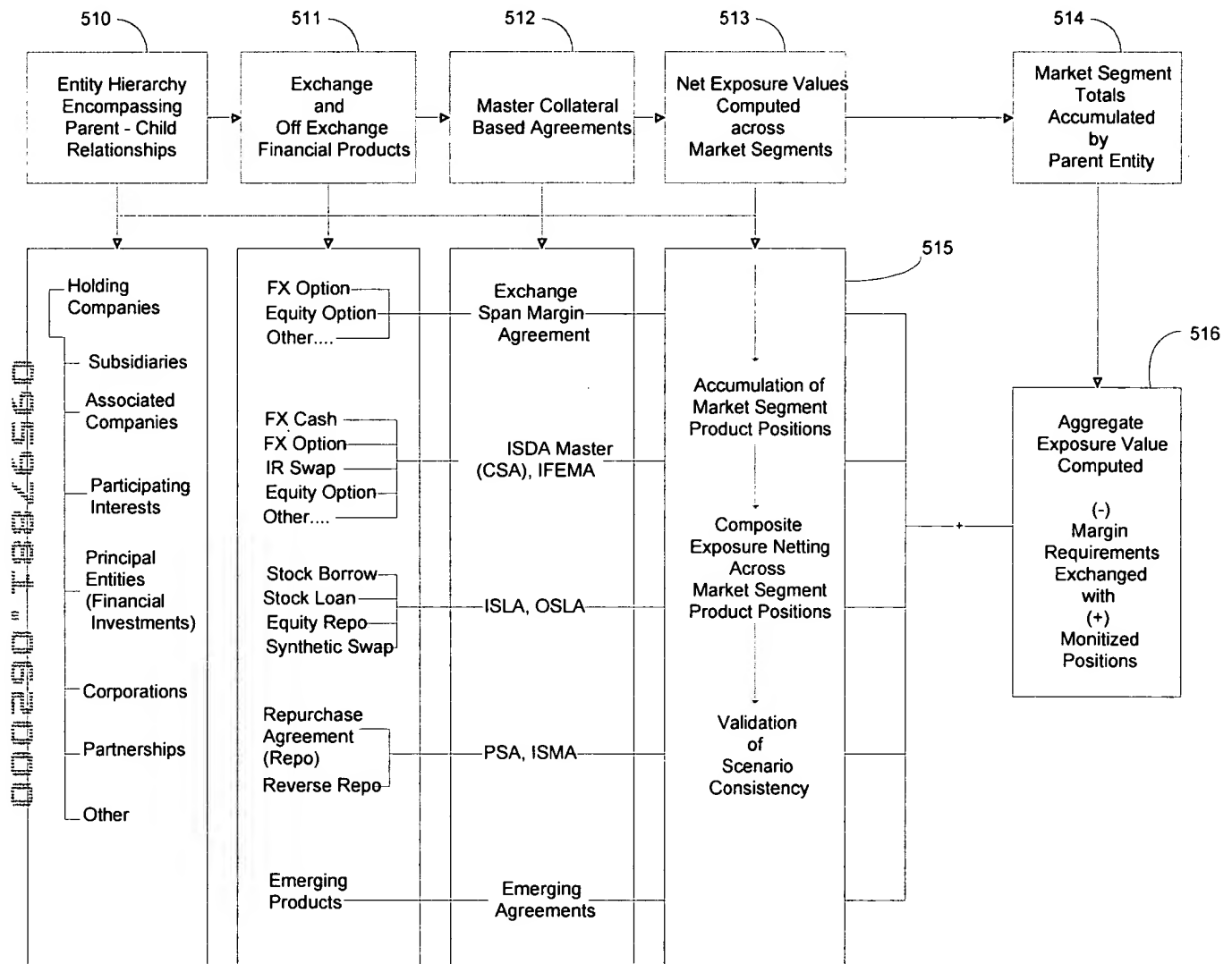


Fig. 5

000290"13326550

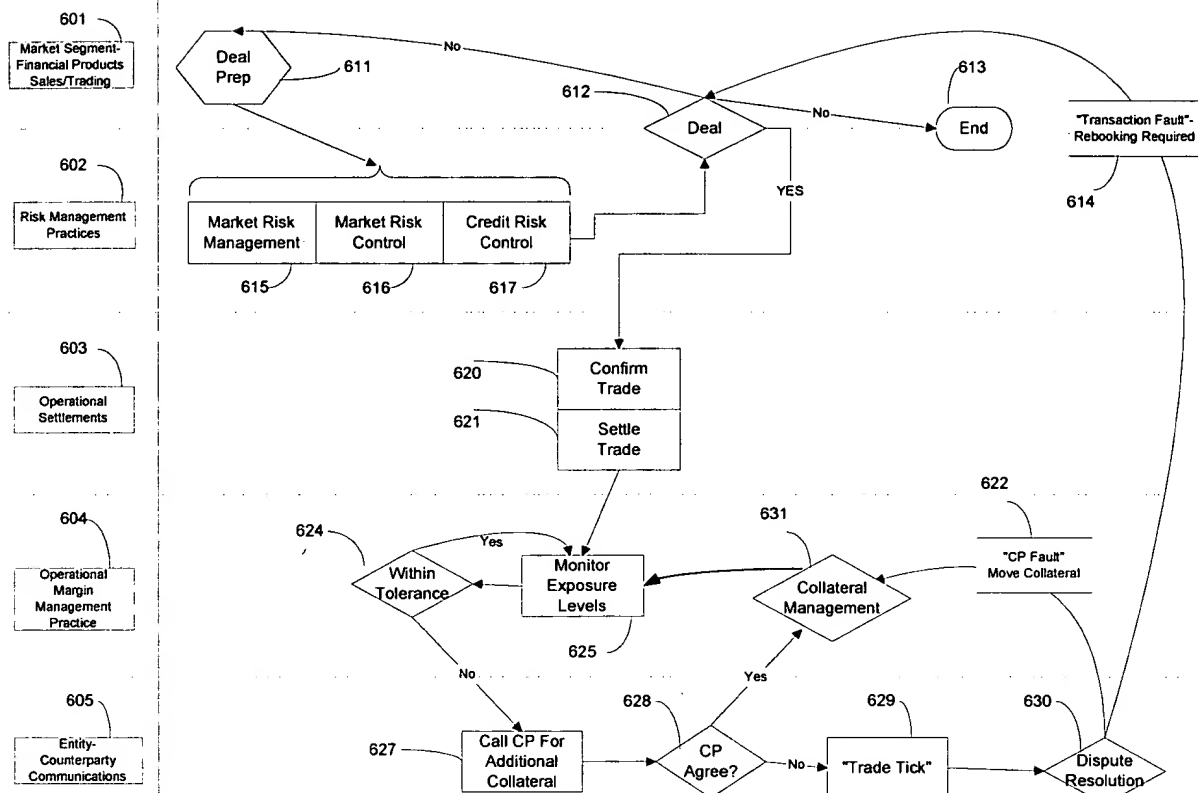


FIG.6

Fig. 6

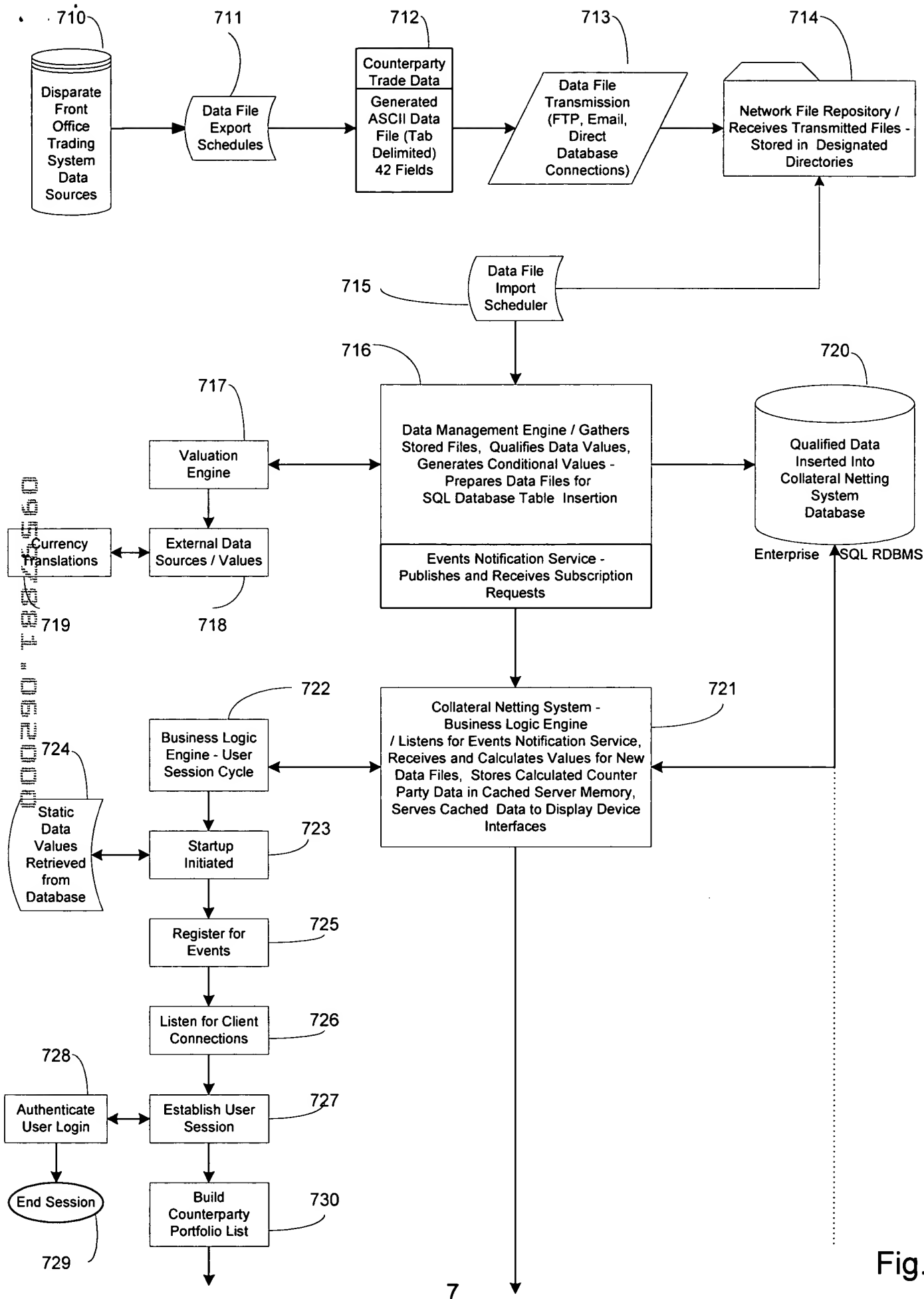


Fig. 7-a

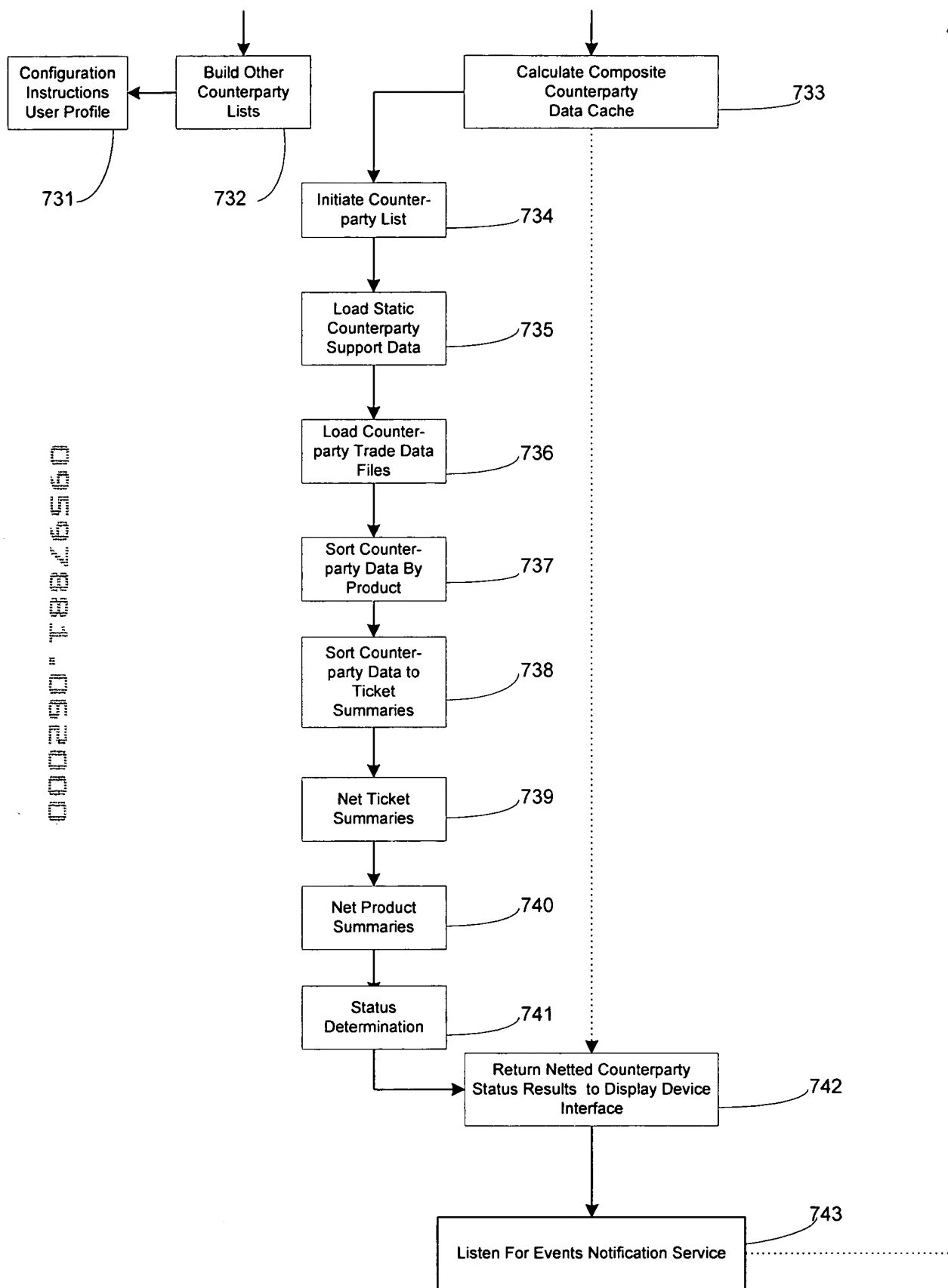


Fig.7-b

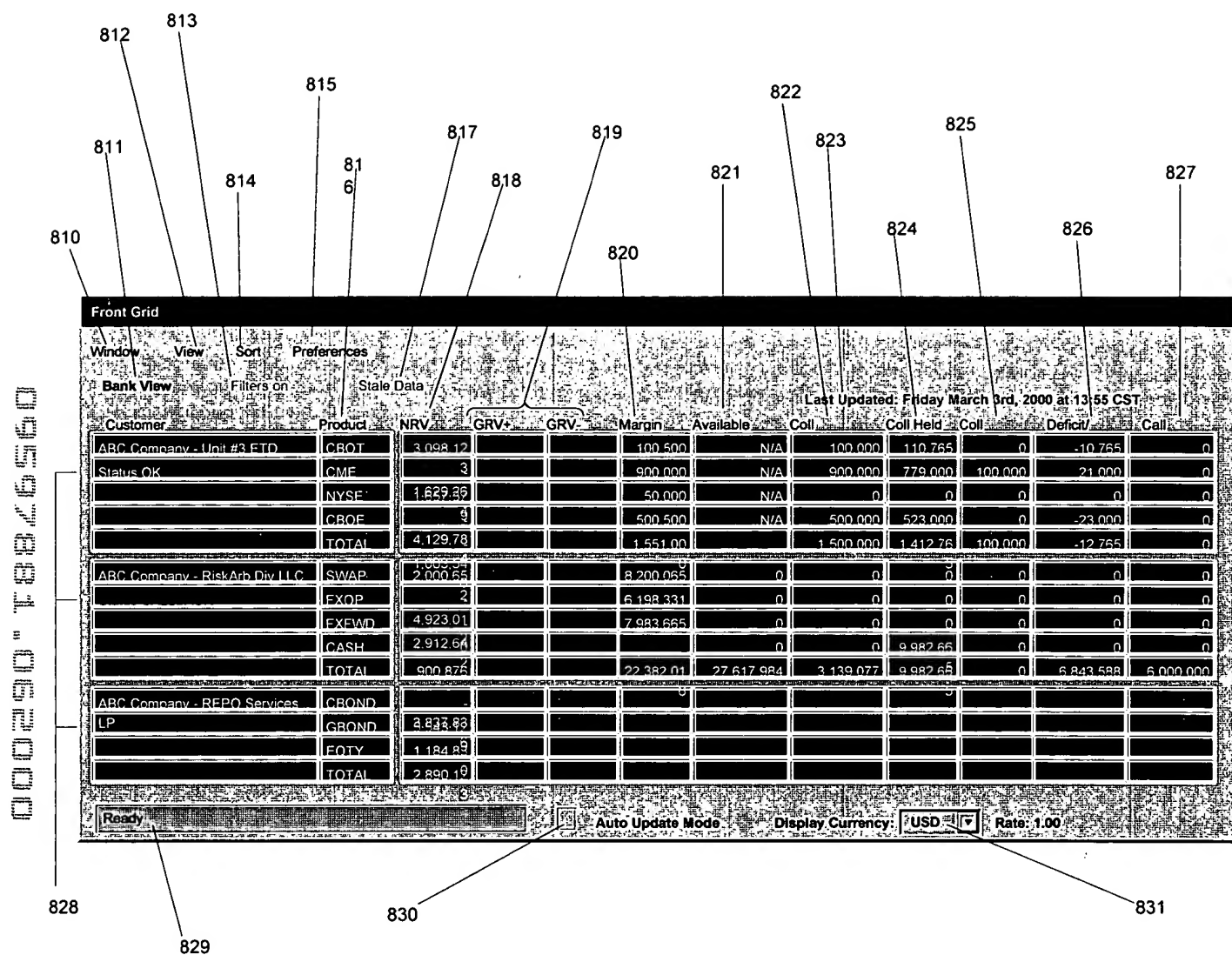


Fig. 8

000290" T826560

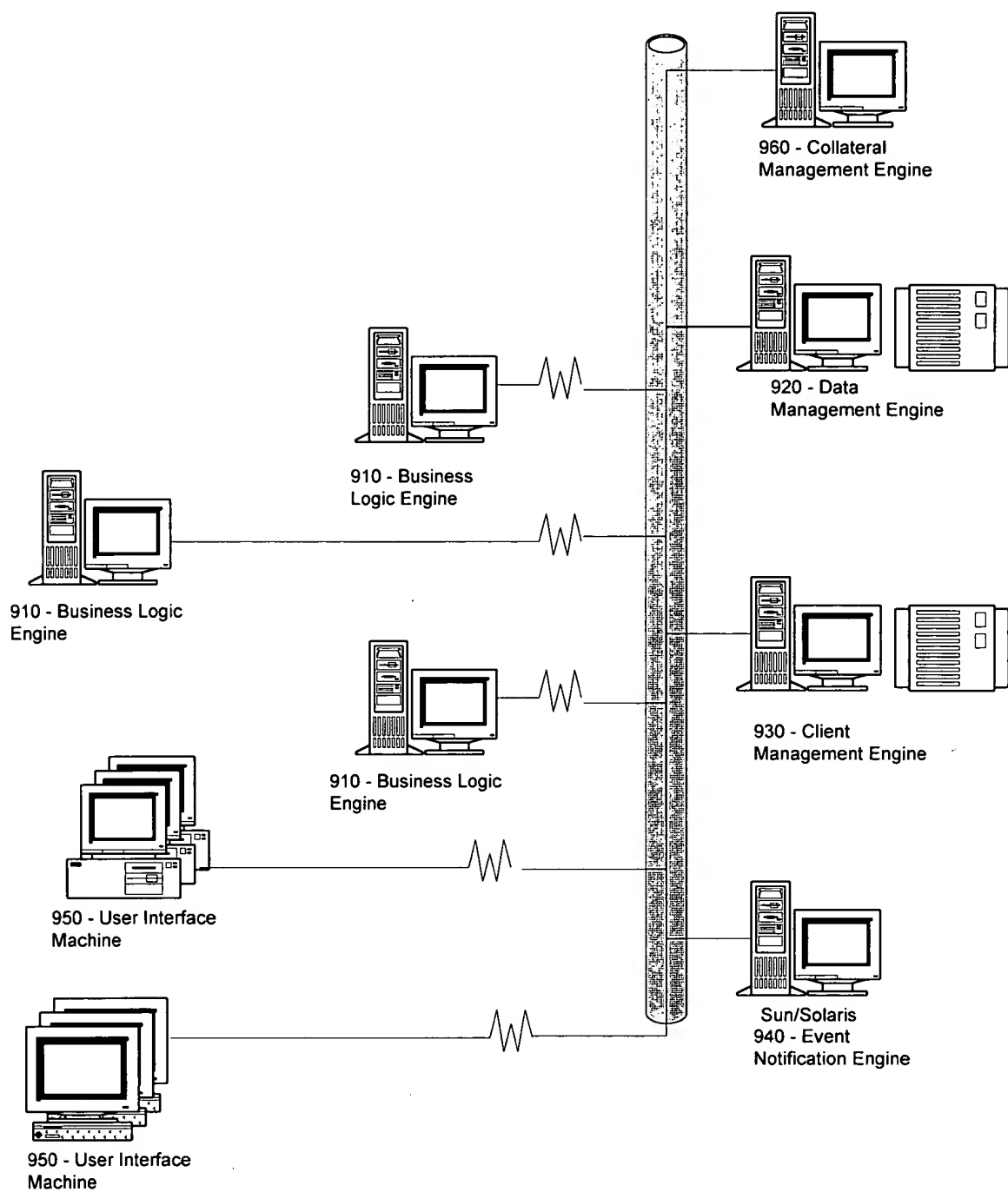


Fig. 9